

## MINUTES ADOPTED BY CITY COUNCIL

Greenville, NC  
May 24, 2004

The Greenville City Council met in a regular meeting on the above date at 6:00 PM in the City Council Chambers, third floor of the Municipal Building, with Mayor Robert D. Parrott presiding. The meeting was called to order. The following were present.

Mayor Robert D. Parrott  
Mayor Pro-Tem Ric Miller  
Council Member Mildred A. Council  
Council Member Ray Craft  
Council Member Pat Dunn  
Council Member Rose H. Glover  
Council Member Chip Little  
Marvin W. Davis, City Manager  
Wanda T. Elks, City Clerk  
David A. Holec, City Attorney

### APPROVAL OF AGENDA

Motion was made by Council Member Little and seconded by Council Member Council to approve the agenda as submitted. Motion carried unanimously.

### PRESENTATION OF PROPOSED FY 2004-05 CITY OF GREENVILLE BUDGET

City Manager Marvin Davis reviewed the budget message with the City Council.

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May 5, 2004

Honorable Mayor and City Council:

Please find attached a balanced budget proposed for FY 2004-2005. It has been a difficult task in getting to this point while trying to provide for the capital infrastructure for a growing City.

### Budget Process

Much of our budget process has been devoted to capital projects and appropriately so. The ability of a city to grow and to improve itself to become more viable and attractive in a number of different arenas depends heavily on the City's ability to provide for capital projects.

A summary of the budget process would be as follows:

January, February, March	Discussions on Capital Improvement Program and financing of priority items
March, April, May	Hearing departmental requests, hearing from other Boards and Commissions and meeting with Commissions where joint policy is determined

The focus of this budget has been to provide for capital improvements for a growing City. In order to get to that point, substantial reductions were made in operating requests, capital outlay items and transfers to other funds. This perspective of focus on capital projects has continued by only allocating a few positions beyond the COPS financing to address the several years of built up demand for new employees to serve a growing and larger population.

#### Debt Service and Operational Costs for Certificates of Participation (COPS) Included in this Budget

The Debt Service cost of capital facilities financed by COPS and the costs to operate these capital facilities are included in this budget. These facilities are:

- Fire Station #6 on 10th Street extended-12 Fire fighter positions and turnout gear for the firefighters and a pumper apparatus to be housed in the station;
- Recreation facilities for Greenfield Terrace, Red Oak Park, and parking lot and lighting improvements for Guy Smith Stadium;
- Renovation and expansion of the administrative facilities by an addition to the GUC building, renovation to the GUC building and renovation of City Hall; and
- The expansion of Carver Library

The Debt Service costs, operating costs and firefighter personnel costs for the COPS included in this budget are \$1.8 million. It is important to note that to make the budget balance, only 10 of 12 months for Debt Service is included in this figure and that only 7 months of firefighter salary costs are included rather than an entire 12 months. This figure does not include an EMS unit initially at Station #6, as the engine responding will be paramedically equipped. It is hoped that an EMS unit can be funded and stationed at Fire Station #6 in 2 to 3 years.

#### General Obligation Bonds

The City Council is considering calling for a referendum in November 2004. Other than the cost of holding an election at that time in November, there are no costs included in this budget for the bonds. If authorized by the voters, these bonds will be good for 8 years until 2012.

#### New Positions

There has been building over the last several years a pent-up demand for new positions to meet increased operations from annexations and from growth in the city. This year 64.75 positions were requested by departments. Not including the firefighters for Station #6, 8 full-time and one part-time to full-time positions are being recommended in this budget to meet the demand of

City services from annexations and growth. Some of these positions have supplemental funding from other sources. They are:

Traffic Signal Technician I  
 Civil Engineer II (land development)  
 Civil Engineer II (capital projects)  
 Neighborhood Services Officer  
 Park Program Assistant  
 Safety Officer  
 Accounting Technician II  
 Information Technology Tech Support Manager  
 Information Technology Administrative Secretary (PT to FT)

#### Other Items Included

Other new items included in this budget that were not included in last year's budget include the lease for the relocated Inspections Division and Planning and Community Development Department on the second floor of the Bank of America Building. The funds for the North Carolina High School Eastern Regional Playoffs are included in this budget. The American Dream Initiative Down Payment Assistance Program is included in this budget to provide for additional low and moderate income housing.

#### Items Not Included

There are a considerable number of needs and initiatives that are not included in the budget, as a result of reductions to make revenues equal expenditures. The following is not an all-inclusive list, but an illustrative list of some of these items. They include:

- Reductions in computer requests by all departments.
- Reduction in Fire/Rescue equipment of 2 Zoll defibrillators, 1 thermal imager and 3 vehicles.
- Reduction in 4 police vehicles, 3 in-car video systems, and three radar replacements.
- Reduction in chain link fences for parks, tractor, 2 vehicles and skateboard ramps.
- Reduction of a solid waste rear loading garbage truck.
- Demolition/renovation of the Pepsi or Keel Warehouses.
- Streetscape improvements for Downtown gateway entrances.

#### Employee Market Adjustment

While we are not able to authorize as many new employees as we would like, it is important that we retain the capable, skilled and dedicated City employees that we have. Included in this budget is a market adjustment of 3.9%. This is also the amount that will be included for GUC for consistency purposes between the two organizations.

## Revenues

*Retail Sales Tax* - For statewide retail sales, of which we receive a portion, there is anticipated to be a decline from the previous year. Local sales taxes are expected to be up. The projected net or combination of the two state and local distributions is + 3%.

*Lease Purchase* - Typically revenues are included in the budget each year for vehicles and other types of capital items. \$2.1 million of lease purchase financing is used in this year's budget for these types of items.

*Fund Balance Appropriated* - Fund balance is cash on hand from previous years. This year \$391,000 of Fund Balance appropriated is used to meet the proposed budget requirements of the upcoming year.

*Ad Valorem Revenues* - This FY 04-05 budget is the first year of revaluation. A revenue neutral tax would equal 51.5¢ /\$100 dollars of value. The proposed tax rate in this budget is 56.5¢ /\$100 of value. The increased tax rate is dedicated to the COPS projects.

## Meeting Strategic Goals

Any budget is a combination of meeting many goals. For the City of Greenville, this budget:

- Makes investments in new facilities to serve a growing population;
- Makes investments in technology to bring new applications to improve service to citizens and efficiency in the workplace;
- Makes investments in the Center City to reinforce the present and future livability of this area of the City;
- Makes investments in a workforce to recruit and retain capable employees; and
- Invests in the public safety of a community to bring emergency resources to those in need quickly.

## Summary

This budget addresses the needs of a growing city. The budget balances the needs of investment in the future while providing a tight view of the operating costs of the City. This proposed budget is the cumulative process of meetings of City Council and staff over several months to continue to guide the City in a progressive manner.

In preparation of this budget, my appreciation is given to Bill Richardson, Deputy City Manager; Bernita Demery, Director of Financial Services; Yvonne Frazier, Senior Financial Services Manager; Gerry Dail, Director of Human Resources; Rex Wilder, Director of Information Technology; Audrey Daniels, Accounting Supervisor; and all department heads and assigned personnel for the budget development.

Respectfully submitted,

/s Marvin W. Davis

Marvin W. Davis  
City Manager

/jat

Attachment

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Upon being asked to explain the holding tax rate, City Manager Davis stated that it will take 12 firefighters for Station 6. Those firefighters are not included for the entire year; they are only included for only seven months. The second year, they will be included for an entire year. It is hoped that through natural growth, the City can absorb that.

Upon being asked to explain the revenue neutral tax rate, City Manager Davis explained that the current tax rate is \$.615. Since tax revaluation has just been done, the tax rate would be \$.521 to get the same revenue. The North Carolina General Statutes require that the tax rate be done on a revenue neutral basis. The purpose of the revaluation is to bring everyone to a fair point. There are 28,000 households in the City. Some of the tax values will decrease and some will increase, but the average increase during the recent revaluation was 30 percent.

Council Member Dunn stated that 60 percent of the properties increased less than 30 percent and 40 percent increased more than 30 percent.

PRESENTATION OF PROPOSED FY 2004-05 PITT-GREENVILLE CONVENTION AND VISITORS AUTHORITY BUDGET

Mr. Andrew Schmidt, Sales and Marketing Manager for the Pitt-Greenville Convention and Visitors Authority, informed the Council that the first three percent occupancy tax goes to Pitt County, and the second three percent goes to decrease the debt for the convention center. The Convention and Visitors Authority markets the City and County as a destination, and throughout the course of the year, they work with meeting planners. Exhibit Hall Managers use the last one percent tax. The proposed FY 2004-05 budget has a five percent increase over last year, which is conservative. The Convention and Visitors Authority is up 11% over this time last year. The total budget is \$655,750. It will follow the City and Greenville Utilities Commission on the market adjustments. The Executive Board of the Pitt-Greenville Convention and Visitors Authority unanimously approved the budget on March 9. It also has to be reviewed by Pitt County.

Mr. Schmidt concluded by stating that tourism managers rank Pitt County 19th out of 100 counties in North Carolina. There are currently 2000 jobs in Pitt County dealing with tourism, and 3.7 million in North Carolina. The tax receipts from tourism allows a \$81 tax savings for each Pitt County resident. Group bookings are up by five percent. The Convention Center is the only venue in the State of North Carolina operating by a public/private partnership. Last year, there were close to 300 event days and 50,000 people who visited the convention center.

## PRESENTATION OF PROPOSED FY 2004-05 SHEPPARD MEMORIAL LIBRARY BUDGET

Mr. Willie Nelms, Executive Director of Sheppard Memorial Library, explained that the Sheppard Memorial Library budget includes funds for a market adjustment in accordance with the recommendation by the City Manager. It reflects a 5.5 percent increase in health insurance and an 11% increase in utility costs. The cost of renting parking spaces runs out this year and needs to be renewed. The impact of inflation is included in the budget. There is a two percent increase in books and a seven percent increase in publications. The biggest increase comes from opening the Winterville Library. State aid is based on the current use appropriation. Other various receipts are based on projects dealing with current year income through current time. There is a 2.21 percent total increase over the current year being requested from the City. There is an \$8,424 increase over the original request, \$4212 from the City and \$4,212 from the County.

## PRESENTATION OF PROPOSED FY 2004-05 GREENVILLE UTILITIES COMMISSION BUDGET

Interim General Manager Ron Elks presented the \$190,594,529 Greenville Utilities Commission budget (\$141,163,500 for Electric, \$10,468,891 for Water, \$11,949,357 for Sewer, and \$27,012,781 for Gas. He reminded the Council that the electricity and gas have to be purchased, and funds are included in the budget for that. The debt service is not new debt. The debt service in the Sewer Fund increased by more than \$800,000. One of the challenges is addressing the infrastructure intensive nature of sewer. The existing Southside Project replaces those 40 to 50-year old lines, which allows the Utilities to be able to meet the needs of the community and meet other growth. It also helps them to protect the environment and reduce enforcement action. He explained that the budget contains no new employees and no increase in electric and gas rates. The electric rates have not increased in eleven years. The budget includes off-system water sales to Farmville and treating wastewater from Bethel and Grimesland. The budget includes on-line bill presentation and payment, a diversity follow-up employee survey, the final phase of the strategic plan and website redesign.

Interim General Manager Elks explained that with the water treatment plant expansion/upgrade has come increased treatment costs and regulatory requirements. There is continuing debt service impacting the water rates, and there will be a need for future debt. The Water Fund has had steady account growth. The revenues have been less than forecast. The factors impacting sewer include infrastructure needs, increased debt service, regulatory compliance, future debt, and off-system wastewater treatment. The account growth has been 3.85% over three years. The long-term strategy for the Water/Sewer Funds is to ensure economic viability of funds, maintain sufficient fund balance, avoid large future rate increases, continue to meet regulatory requirements, and to meet customer needs. The proposed FY 2004-05 budget for Water is 7.1 percent less than the FY 2003-04 budget, and the proposed FY 2004-05 budget for Sewer is 6.5% less than the FY 2003-04 budget. The budget includes a combination of the use of rate stabilization for water and sewer and a four percent rate increase for water and sewer.

Residential cost comparisons were provided to the Council as follows:

- Typical monthly electric bill for the summer months ranged from \$109.60 to \$91.60, with that of Greenville Utilities being \$98.53. The median was \$98.52.
- Typical monthly electric bill for the winter months ranged from \$112.37 to \$81.60, with Greenville Utilities being \$87.96. The median was \$92.36.
- Average monthly residential water bill ranged from \$45.70 to \$18.24, with that of Greenville Utilities being \$21.20. With the proposed increase, the rate for Greenville Utilities would be \$22.05. The median is \$21.79.
- Average monthly residential sewer bill ranged from \$37.95 to \$12.02, with that of Greenville Utilities being \$27.01. With the proposed increase, the rate for Greenville Utilities would be \$27.01. The median is \$28.09.
- Average monthly residential gas bill ranged from \$76.40 to \$58.67, with Greenville Utilities being at \$69.37. The median is \$64.73.

Questions asked of Mr. Elks and responses given were as follows:

Is there a tracking adjustment?

(RESPONSE: The gas prices are volatile depending on how much is in storage. National and international events make a difference in how much is available. A lot of electric power and generation plants are peaking plans so the price changes. All that is passed along to the customer is the difference in what Greenville Utilities pays. They don't change that margin.)

What is the balance of the rate stabilization contingency and when is a decision made to use it?

(RESPONSE: That is a form of balancing mechanism. In Electric, the best information available is that there may be at least a 1/2 percent increase late in the fiscal year, so the cost of buying power is to increase.)

What happens if there is no increase?

(RESPONSE: Then the costs can be held down. There are always wholesale increases that come along. That is the type of thing that let's the increases be absorbed.)

Like fund balance?

(RESPONSE: It is similar. It is set aside to cushion rates.)

How does it show on the balance sheet?

(RESPONSE: It shows up on what is billed each month. In Water and Sewer, funds are set aside because the projects that will be done are known. It is a Board decision on what it wants to do.)

The City turnover is for Electric and Gas. Why is there not one in Water/Sewer?

(RESPONSE: The charter is specific to Electric and Gas. In the Charter, it spells out that turnover will be Net Fixed Assets minus Bond Indebtedness.)

Why are Water and Sewer rates increasing if the budget is less?

(RESPONSE: Greenville Utilities needs to maintain viability of funds over the long haul as well as to keep from having large increases over the long haul. It will have future large projects and future phases of water transmission mains. There will be future improvements that have been identified in the five-year plan. The Utilities looks at a multi-year view of rates and at financial

models. It is clear from those models that without a modest increase in Water and Sewer rates, customers will face a 7 to 11 percent increase next year. Without a modest increase, funds on hand would continue to decline. A slight increase is needed this year in order to protect the bond rating.)

Can you use Electric funds to offset Water or vice versa?

(RESPONSE: No. They are separate enterprise funds so that they are self sustaining. It is important to maintain the integrity of each separately. It has cost of service in setting rates.

When you take Water and Sewer to an area, how is that cost absorbed?

(RESPONSE: In terms of infrastructure, developers pay a big portion of that. The entire infrastructure interior to the project is constructed and paid by the developer, and it gets inspected. At the end of the project, the developer gives Greenville Utilities a bill of sale in return for water and sewer service. If it is an extension and Greenville Utilities needs to get beyond where the existing lines are, it tries to be flexible. The Commission will sometimes meet up to 50 percent. Sewer is an economic payback. In Water, they look at a five-year payback. If not, Greenville Utilities might ask the developer to help in order to make the project more viable. They are trying to avoid retrofits in Sewer.

What is the fund balance for each of these areas.

(RESPONSE: Water--\$5 million; Sewer--\$6 million; Electric--\$20 million unappropriated; and Gas--\$1.7 million. Greenville Utilities has to keep one month on hand and have to be able to pay a monthly power bill at any pointing time and recover from a hurricane. That is why the amount in Electric is a high number.)

Is there a contingency?

(RESPONSE: It is incorporated in Fund Balance.)

What is the percentage used for Fund Balance?

(RESPONSE: The Local Government Commission requires eight percent of the budget. The Revenue and Expenditure sheets for Electric are around \$9 million. The eight percent is a standard that the Local Government Commission likes to see. Electric is at 14.63 percent of Fund Balance expenditures. Greenville Utilities tries to protect the bond rating, which has a huge impact on the cost of dollars, and to maintain the financial integrity of the Fund.)

#### CITIZEN COMMENT PERIOD ON PROPOSED FY 2004-05 BUDGETS

Mr. Dan Powers, a resident of Greenville since 1973, informed the Council that he has been a property owner since that time. He complimented the Council on trying to make the City what it is and what he hopes it will become. He expressed that he is concerned about taxes and what the City Council is doing to open other agencies of support for the different departments in City government. He asked what the Council has done to look into the various ways of saving. He expressed support for the budget; however, he expressed concern about it being balanced on the back of the property owners. Mr. Powers concluded by suggesting every other week of recycling as a method of cutting costs and stated that there are other areas that can be cut.



DISCUSSION OF FY 2004-05 BUDGET BY MAYOR AND CITY COUNCIL

Upon being asked what the next step is, City Manager Davis stated that the public hearing will be held on June 7 on all the budgets.

Council Member Glover thanked Mr. Powers for his comments and encouraged other citizens to speak at the public hearing on June 7.

ADJOURN

Motion was made by Council Member Council and seconded by Council Member Glover to adjourn the meeting at 7:30 p.m. Motion carried unanimously.

Respectfully submitted,

Wanda T. Elks, CMC  
City Clerk